

SPECIAL REPORT

WOMEN



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THE BUSH BUDGET SHORTCHANGES
PROGRAMS IMPORTANT TO WOMEN

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– Revised and Updated Version of Special Report –

As this report will show, in order to pay for the huge tax cut, the Bush budget shortchanges numerous programs important to women.

The Bush budget puts the enormous \$2 trillion-plus tax cut, skewed to the wealthy, first. **And yet millions of American women – including millions of single mothers and millions of elderly widows living alone – get nothing under the huge Bush tax cut.** Furthermore, the Bush tax cut is so large that it causes the Bush budget to raid both the Social Security and Medicare Trust Funds, upon which older women depend. Furthermore, the Bush tax cut is so large that it crowds out investments in such key programs as child care and programs combating child abuse and neglect which are of critical importance to American women.

This DPC report examines the impact of the Bush budget on women, looking at the following issues:

- ! Tax Cuts
- ! Social Security
- ! Medicare & Prescription Drug Coverage
- ! Child Care/Early Learning
- ! Equal Pay
- ! Women's Health
- ! Nutrition for Women & Children
- ! School Safety
- ! Other Key Children's Programs

Bush Tax Cut Leaves Many Women Behind

The more than \$2 trillion in tax cuts that the Bush budget spends the surplus on leaves millions and millions of American women behind, despite claims that the tax cut would go to all taxpayers.

Indeed, according to a report by the National Women's Law Center, 27% of taxpayers will not receive a tax cut under the Bush plan – and most of those who will be left out are women and their children. Here are a few key facts about the Bush tax cut and women:

- ! **Many single mothers and their children are left out of the President's tax plan.** The President has stated that the current tax code is "unfair for the single mom, who lives on the outskirts of poverty, who's working hard to provide for her family." Unfortunately, the tax changes the President has proposed will not benefit many of the single mothers who are struggling the most to make ends meet and whom he

claims he wants to help.

- Of the 5.1 million families with children who have an income below the federal poverty line, 61% are single-parent families headed by a woman. None of these families will benefit from the President's tax plan.
- At least 3.1 million women raising children as a single parent, or 36% of all single mothers, will receive no tax benefit from the Bush plan.

! Millions of women living alone without children also will not benefit from the President's tax proposal. Most of the 2.8 million women living alone who have an income below the federal poverty line (\$8,590 in 2001) will not receive a tax cut under the President's plan. The few who will receive a benefit will get at most \$12 a month – not even enough to buy a full tank of gasoline.

- There are nearly 1.5 million elderly women living alone in poverty – which is four times the number of elderly men living alone in poverty. Those with incomes below \$7,450 (87% of the poverty line) will not receive any benefit from the President's plan.
- Elderly women of color living alone are disproportionately excluded from the President's tax plan – the President's proposal will not help most of the 44% of elderly black women living alone in poverty and 58% of elderly Hispanic women living alone in poverty.

The women who are excluded from the President's tax plan are taxpayers. The President has said that only families who pay a federal income tax should benefit from his tax plan. This approach ignores that working families, especially those that are poor or near-poor, pay a substantial amount in federal payroll taxes and other federal taxes, even if they pay little or nothing in federal income taxes. In fact, 75% of all families pay more in federal payroll taxes than they do in federal income taxes.

Social Security

Despite the importance of Social Security to women, the Bush budget shortens the solvency of the Social Security Trust Fund – squandering a portion of the Social Security surplus on a risky scheme to partially privatize Social Security.

The Bush budget shortens the solvency of Social Security by calling for allowing workers to divert some of their payroll taxes into personal retirement accounts -- thereby depriving the Social Security Trust Fund of much-needed revenue.

Indeed, on May 2, President Bush took the first step in implementing his partial privatization plan – announcing the creation of a Presidential Commission on Social Security – which he has assigned the responsibility of developing the details of how the partial privatization plan will work.

President Bush's plan to partially privatize Social Security would dramatically weaken the program in the short term and deny Social Security the resources it needs for long-term solvency. Allowing workers to divert their payroll taxes into private accounts rather than paying those taxes into the Social Security Trust Fund means that the Social Security Trust Fund will not receive the revenue it needs in order to pay full benefits to retirees.

Indeed, a partial privatization plan would have a dramatic impact on the Social Security Trust Fund and its ability to pay full benefits to retirees. If current workers were to divert two percentage points of their current payroll tax into individual accounts – which candidate Bush suggested during the campaign – then revenues flowing into the Social Security Trust Fund would fall by \$1.1 trillion over the next ten years and the Trust Fund would be depleted by 2024 – 14 years earlier than now expected. Furthermore, according to a study conducted by the Century Foundation in June 2000, Social Security benefit cuts of up to 54% would be required to restore Social Security's long-range balance under such conditions.

Why Social Security Is Particularly Important to Women

The fact that the Bush budget weakens the solvency of the Social Security system is of particular concern to women. This is because women rely on Social Security for retirement income to a far greater degree than men. Following is an overview of some of the facts that explain why Social Security is so important to American women:

- ! **More women than men depend upon Social Security.** Although women make up roughly half of America's population, women account for 60% of Social Security beneficiaries.
- ! **Many women depend upon Social Security for a significant share of their income.** Nearly two-thirds of elderly women receive over half of their income from Social Security. For almost one-third of elderly women, Social Security provides at least 90% of their income. Furthermore, Social Security is the sole source of income for nearly one in five elderly women.
- ! **Social Security lifts more women than men out of poverty.** Women account for more than three of every five elderly people lifted from poverty by Social Security. Social Security lowers the number of poor elderly women from 9.8 million to 2.7 million, and the number of poor elderly men from 5.5 million to 1.1 million.
- ! **As a result, Social Security slashes the poverty rate among older women.** Without Social Security benefits, the poverty rate among older women would be 53%. Social Security reduces the poverty rate among older women to 15%.

Furthermore, the plan of the Bush Administration to partially privatize Social Security by creating private retirement accounts would be particularly harmful to women. Women spend an average of 11.5 years out of the workforce, most often caregiving for children or frail relatives. These are years during which they are not paying into Social Security, or accumulating credits toward retirement. Women earn only 74% of what men earn for the same work. Most women workers are clustered in low-wage, low-benefits job sectors. And, they live an average of seven years longer than men.

For all of these reasons, in a system of private accounts, women would start with much less to invest, no longer have access to the often desperately needed cost-of-living increases built into the current Social Security program, and because of their longevity, face the possibility of outliving their assets.

Indeed, most women, particularly those with the smallest benefits, would receive even less than under the current Social Security system.

Medicare & Prescription Drug Benefit

Similarly, despite the importance of Medicare and an adequate prescription drug benefit to women, the Bush budget both shortens the solvency of the Medicare Trust Fund and proposes a completely inadequate drug benefit.

First, the Bush budget shortens the solvency of Medicare by diverting Medicare Part A (Hospital Insurance) surpluses dedicated to paying Medicare Part A benefits promised under existing law and using the money instead to fund a new drug benefit and finance Medicare “reforms.” Specifically, the Bush budget diverts \$153 billion out of the Medicare Part A surplus in order to establish a new prescription drug benefit and finance undefined Medicare “reforms.”

The Medicare trustees currently project that the Medicare Part A Trust Fund will become insolvent in 2029. **Diverting \$153 billion out of the Medicare Part A surplus for a prescription drug benefit and “reforms” will short the solvency of the Medicare Part A Trust Fund by five years** – bringing the date of Medicare insolvency back to 2024.

Secondly, the amount that the Bush budget sets aside for a new prescription drug benefit is completely inadequate. The \$153 billion that President Bush sets aside for prescription drugs is **less** than the cost of last year’s Republican prescription drug bill (\$159 billion over ten years), and the price of prescription drugs has only increased. Furthermore, last year’s GOP bill was deemed by most health care analysts as unlikely to provide adequate protection against prescription drug costs for most Medicare beneficiaries. Even such Republican leaders as Rep. Billy Tauzin, Chairman of the Energy and Commerce Committee, have dismissed the \$153 billion figure for a prescription drug benefit as insufficient.

Why Medicare & An Adequate Prescription Drug Benefit Are Particularly Important for Women

Medicare is an even more vitally important program for older women than older men. Sixty percent of Medicare beneficiaries are women. Women live an average of seven years longer than men, and since 1980, the female population has increased in median age by 35%. Indeed, the fastest-growing segment of the population is women over the age of 85.

Following is an overview of the facts that explain why the Medicare program is a program particularly important to women:

- ! More women than men depend upon Medicare.** At age 65, almost 6 out of 10 Medicare recipients are women. By age 85, that number rises to more than 7 in 10.
- ! Older women are at greater risk for poverty than men and have higher than average health care costs.** The average woman is twice as likely to be living in poverty than the average man, and spends significantly more of her annual income on health care (22%) compared to his (17%).
- ! Women live longer and have more chronic illnesses.** The average woman lives seven years longer than the average man. Though women's death rate from disease is lower than men's, their rate of long-term disabling illnesses is higher. Specialized care, leading-edge medicine, and access to medical technology are especially critical for women who suffer from long-term chronic illness.
- ! Women need more home health care.** Women, because they are less likely to suffer an acute episode of illness, require less hospitalization than men, but more care for chronic disease at home. The average recipient of Medicare home health care benefits is a 75-year-old woman living alone, with an annual income of \$9,355 or less.

Furthermore, the plan of the Bush Administration to dedicate only \$153 billion of the surplus to prescription drugs, thereby ensuring completely inadequate coverage, would be particularly harmful to women. Older women are in even greater need for adequate prescription drug coverage than older men. As was noted above, women live longer and have more chronic illnesses than men – thereby making them even more dependent on prescription drugs than men. Furthermore, more than one in three women on Medicare lack any prescription drug coverage whatsoever.

As a result, the rising costs of prescription drugs have created a major hardship for older women. From 1980 to 1998, prescription drug prices increased by 256 percent, while the Consumer Price Index, on which Social Security cost-of-living adjustments are based, rose just 98 percent during the same period. Indeed, out-of-pocket spending on prescription drugs places a substantial financial burden on older women. In 1998, 2.6 million women on Medicare spent more than \$1,200 out-of-pocket on their prescription medications – and another 2.4 million spent between \$600 and \$1,200 out-of-pocket. Many of these women are living on very limited incomes.

As a result of all these facts, the lack of an adequate prescription drug benefit in the Bush budget will impose a particular hardship on older women.

Child Care/Early Learning

Like Social Security and Medicare, child care and early learning are other areas that are of particular concern to American women. Just as the Bush budget would weaken the Social Security and Medicare programs, the Bush budget underfunds child care programs and eliminates the Early Learning program.

Child Care. The need for quality child care is a daily concern for millions of American parents. Every day, three out of five preschoolers are in child care while their mothers and fathers work. Child care helps to shape the way children think, learn and behave for the rest of their lives, but little attention is being paid to the quality of these experiences. Far too many American families with children are not getting what they need because quality child care programs are often unaffordable and difficult to find.

Despite the importance of child care, the Bush budget reduces resources for existing Child Care and Development Block Grant (CCDBG) projects by \$200 million because – although it increases CCDBG by \$200 million – it creates a new \$400 million set-aside for after-school programs. As a result, fewer young, low-income children would receive child care, making it more difficult for their parents to work. The Bush budget proposes these cuts even though only 12% of eligible children are currently served by the Child Care and Development Block Grant.

We should not take funds from infant and toddler child care to shift to older child care (in after-school programs) when the need in both areas is so great. It makes no sense to “rob Peter to pay Paul” when current funding in both areas falls so short of the need.

Early Learning Opportunities Program. Furthermore, the Bush budget eliminates all funding for the Early Learning Opportunities program -- a bipartisan initiative enacted last year to provide resources to communities for more responsive early childhood systems, including parent education and family support services. Funding for the program in FY 2001 is \$20 million. This initiative has been particularly championed by Republican Senator Ted Stevens. Indeed, when President Clinton signed the legislation in December, Senator Stevens stated, “I expect our new first lady, Laura Bush, to be a champion of early childhood education.” And yet now President Bush has proposed eliminating the program!

Equal Pay

Another key area of interest to women is equal pay in the workplace – and it is the responsibility of the Equal Employment Opportunity Commission to enforce the nation’s equal pay laws. And yet the Equal Employment Opportunity Commission is another budget item that is cut under the Bush budget.

For FY 2002, the Bush budget decreases funding for the Equal Employment Opportunity Commission by \$9 million below the level needed to maintain current services. The Equal Employment Opportunity Commission (EEOC) is the key agency in the federal government

to fight employment discrimination based on race, ethnicity and gender. The EEOC handles between 75,000 and 80,000 employment discrimination charges a year. Although the number of employment discrimination cases has grown, the Bush budget fails to fairly fund this key commission which is so important to America's working women.

Women's Health

Women's health issues rank very high among the list of critical concerns of America's women – among mothers, grandmothers, and single women alike.

CDC Breast and Cervical Cancer Screening Activities. For FY 2002, the Bush Administration budget includes a cut in CDC Breast and Cervical Cancer Screening Activities, from \$179 million in FY 2001 to \$172 million in FY 2002. Since its establishment in 1990, the National Breast and Cervical Cancer Early Detection Program has provided almost 1 million mammograms and about 1.1 million Pap tests. It has diagnosed over 5,800 breast cancers, over 31,000 precancerous cervical lesions and over 500 cervical cancers. It is a vital source of screening for many low-income women throughout the United States.

Contraceptive Coverage. The Bush budget proposes dropping a requirement that all health insurance programs for federal employees cover a broad range of birth control, angering women's groups and lawmakers from both parties who support contraceptive benefits not only for federal workers, but for all employees.

Maternal and Child Health Block Grant. Despite its importance, the Bush budget cuts the Maternal and Child Health (MCH) Block Grant below this year's level. Specifically, for FY 2002, the Bush budget funds the MCH Block Grant at \$709 million – a cut of \$5 million below a freeze at the FY 2001 enacted level. The MCH block grant program gives grants to states to develop federal/state systems of services for women before, during and after pregnancy and childbirth; and to reduce infant mortality and provide access to care.

Healthy Start. Despite its importance, the Bush budget freezes Healthy Start at the FY 2001 level of \$90 million for FY 2002. The FY 2001 level was also freeze-funded so the actual purchasing power of this program is reduced for a second year in a row under the Bush budget. The Healthy Start program supports programs to reduce low birth weight, inadequate prenatal care, and other factors contributing to infant mortality, in targeted high-risk communities.

Nutrition for Women & Children

American women understand that adequate nutrition for pregnant women and infants is critical to the health and future development of young children – and strongly support such nutrition programs as WIC.

WIC. The Bush budget provides \$4.137 billion for the highly-acclaimed Supplemental Nutrition Program for Women, Infants, and Children (WIC) in FY 2002. This program provides vital nutrition assistance to low-income women, infants, and children. While it is claimed that this is an increase of \$94 million, the actual increase in funds available to

state WIC programs, according to USDA budget documents, would only be \$49 million – or 1.2% – which is less than is needed to cover inflation.

Indeed, the following is the conclusion of the Center on Budget and Policy Priorities regarding the Bush budget request for WIC for FY 2002: “For the first time in a number of years, an Administration has proposed a budget that provides insufficient funds to serve all eligible low-income women, infants and children who seek WIC nutrition benefits. In fact, the Bush budget would not provide adequate funds to serve next year the number of women, infants and children on WIC today, despite the fact that the number of women, infants and children who are eligible for and in need of WIC is expected to rise in the coming year as a result of higher unemployment.”

School Safety Programs

No concern is more paramount to America’s mothers than the safety of their children. Indeed, polls have shown that parents are expressing growing concern about the safety of their children at school. And yet, instead of working to improve school safety and stop juvenile crime, the President’s budget freezes funding for the two key programs designed for improving school safety and cuts funding for several specific initiatives aimed at preventing school violence.

Safe and Drug-Free Schools. The Bush budget freezes funding for the Safe and Drug-Free School program – the major federal program dedicated to funding school programs to combat alcohol and drug use and violent behavior. Safe and Drug-Free Schools have been used for a wide variety of purposes – ranging from the highly-regarded Drug Awareness and Resistance Education program (DARE) to the installation of metal detectors to the hiring of security guards. Within the Safe and Drug-Free Schools program (SDFS), the Bush budget cuts the Safe Schools/Healthy Students initiative by \$69 million (or by 59%). This school violence prevention initiative helps school districts to develop comprehensive violence prevention initiatives based on proven strategies in collaboration with mental health and law enforcement agencies. Further, as part of SDFS, the President’s budget cuts funding for middle school drug/violence prevention coordinators by 50% – down to \$25 million. As a result, approximately 400 middle schools serving approximately 330,000 students would be denied funding for prevention coordinators. Research shows that school violence prevention efforts are most effective when districts have a dedicated staff person to coordinate prevention programs in the schools.

21st Century After-School Centers. The Bush budget also freezes funding for the 21st Century After-School Centers program, which provides safe and educational after-school opportunities at a critical time of day. On school days, 3-6 P.M. are the peak hours for teens to commit crimes, kids to become crime victims, and for kids to smoke, drink, use drugs or have sex; in fact, violent juvenile crime suddenly triples after school. Experts note the importance of after-school programs to reducing teen crime; a recent survey of police chiefs showed that nine out of ten chiefs said America could greatly reduce crime by expanding educational child care programs and after-school programs. However, under the Administration’s proposal, 300 fewer after-school centers and 56,000 fewer children would be funded in FY 2002 compared to FY 2001. The Bush budget gives fewer children after-school services, despite the fact that the number of children and teens whose need

for after-school programs is unmet likely exceeds eleven million.

School Counselors. The Bush budget terminates the School Counselors Program, which helps schools to hire the counselors they need to give every student someone to whom they can turn. Ending this program would eliminate approximately 434 school counselors serving approximately 109,000 students. Nationally, there is a need to double the current number of school counselors to meet the recommended ratio of 250 students per counselor.

Other Key Children's Programs

Finally, the following two key children's programs are of particular concern to America's women.

Training Doctors in Children's Hospitals. The Bush budget cuts grants to train doctors at children's hospitals by \$35 million – or by 14.9% – below the FY 2001 enacted level. Funding drops from \$235 million in FY 2001 to \$200 million in FY 2002. These funds are currently used by children's teaching hospitals to offset the higher costs of providing advanced training to pediatricians.

Preventing Child Abuse and Neglect. The Bush budget cuts the discretionary portion of the Child Abuse Prevention and Treatment Act \$16 million – or by 47%. Funding for the program would be reduced from \$34 million in FY 2001 to \$18 million in FY 2002. The Bush budget is cutting this program by 47% despite the fact that about 900,000 children are victims of abuse or neglect each year. In the past, this program has spawned successful innovations in child abuse prevention, care and advocacy programs for the most vulnerable young children.